# Home Oil Company Limited

1960

ANNUAL REPORT

## DIRECTORS

* R. A. BROWN, Jr., *Calgary, Alberta*
* R. M. BROWN, *Vancouver, B.C.*
* R. W. CAMPBELL, *Calgary, Alberta*
* E. F. DAVIS, *Los Angeles, California*
M. A. DUTTON, *Calgary, Alberta*
* B. W. GILLESPIE, *San Mateo, California*
* M. C. GOVIER, *Calgary, Alberta*
* J. W. MOYER, *Calgary, Alberta*
W. A. ROCKEFELLER, *New York, N.Y.*
J. B. WEIR, *Montreal, Quebec*
R. WILL, *Calgary, Alberta*
A. H. WILLIAMSON, *Vancouver, B.C.*

* MEMBER EXECUTIVE COMMITTEE

## OFFICERS

J. W. MOYER, *Chairman of the Board*
R. A. BROWN, Jr., *President and Managing Director*
R. W. CAMPBELL, *Vice-President and General Manager*
M. C. GOVIER, *Vice-President and Treasurer*
R. M. BROWN, *Vice-President*
B. W. GILLESPIE, *Vice-President*
R. B. COLEMAN, *Secretary*
R. F. PHILLIPS, *Comptroller*

## AUDITORS

RIDDELL, STEAD, GRAHAM & HUTCHISON

## SOLICITORS

MACLEOD, MCDERMID, DIXON, BURNS, LOVE AND LEITCH

## BANKERS

THE CANADIAN BANK OF COMMERCE
THE CHASE MANHATTAN BANK

## TRANSFER AGENTS

CROWN TRUST COMPANY
THE CHASE MANHATTAN BANK

## REGISTRARS

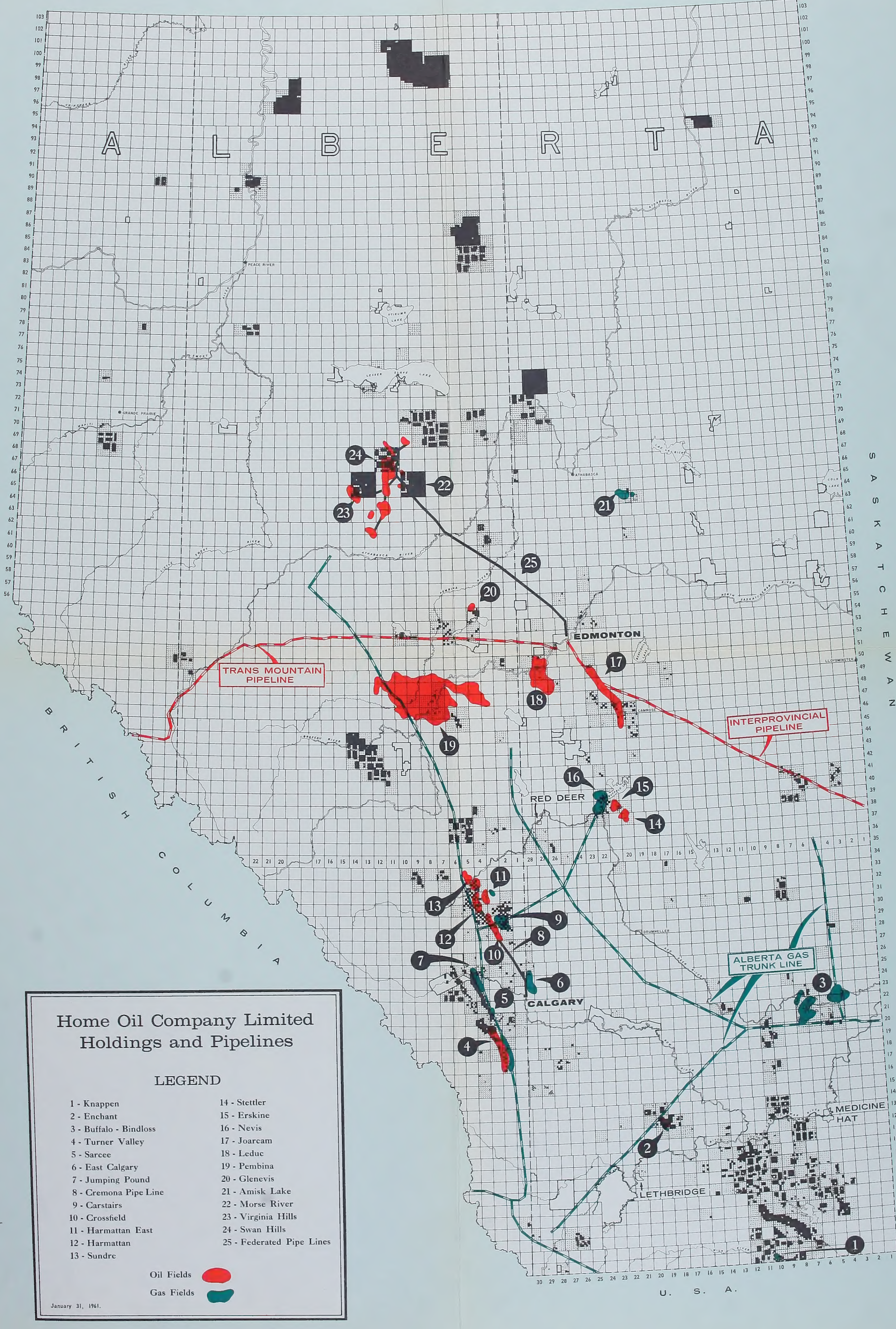
CROWN TRUST COMPANY
THE CANADIAN BANK OF COMMERCE TRUST COMPANY

## LISTINGS

TORONTO STOCK EXCHANGE
VANCOUVER STOCK EXCHANGE
CALGARY STOCK EXCHANGE
MONTREAL STOCK EXCHANGE
AMERICAN STOCK EXCHANGE
PACIFIC COAST STOCK EXCHANGE

## HEAD OFFICE

304 - 6TH AVENUE WEST, CALGARY, ALBERTA



Home Oil Company Limited
Holdings and Pipelines
LEGEND
1 - Knappen
2 - Enchant
3 - Buffalo - Bindloss
4 - Turner Valley
5 - Sarcee
6 - East Calgary
7 - Jumping Pound
8 - Cremona Pipe Line
9 - Carstairs
10 - Crossfield
11 - Harmattan East
12 - Harmattan
13 - Sundre
14 - Stettler
15 - Erskine
16 - Nevis
17 - Joarcam
18 - Leduc
19 - Pembina
20 - Glenevis
21 - Amisk Lake
22 - Morse River
23 - Virginia Hills
24 - Swan Hills
25 - Federated Pipe Lines
Oil Fields
Gas Fields
January 31, 1961.
ALBERTA
SASKATCHEWAN
BRITISH COLUMBIA
U. S. A.
EDMONTON
RED DEER
CALGARY
LETHBRIDGE
MEDICINE HAT
PEACE RIVER
GRANDE PRAIRIE
ATHABASCA
LLOYDMINSTER
CAMROSE
DRUMHELLER
TRANS MOUNTAIN PIPELINE
INTERPROVINCIAL PIPELINE
ALBERTA GAS TRUNK LINE
LESSER SLAVE LAKE

# Home Oil Company Limited

## THIRTY-SECOND ANNUAL REPORT 1960

## Contents



**Our Cover**
*The Brown Building, head office of Home Oil Company Limited, Calgary, Alberta.*

*The annual meeting of Home Oil Company Limited will be held at the Palliser Hotel, Calgary, Alberta, April 27 at 2:30 p.m.*

# HIGHLIGHTS
## OF THE DIRECTORS' REPORT

| | 1960 | 1959 |
|---|---|---|
| **FINANCIAL** | | |
| Gross income | $ 9,332,000 | $ 7,843,000 |
| Income before capital charges | 2,325,000 | 2,271,000 |
| Loss for the year (after all charges) | 681,000 | 763,000 |
| Capital expenditures — operating (including dry hole costs) | 8,314,000 | 8,486,000 |
| Capital expenditures — investment in Trans-Canada Pipe Lines Limited | 4,699,000 | 3,357,000 |
| **OPERATING** | | |
| Oil and natural gas liquids production (net)* | | |
| — total barrels | 2,872,875 | 2,685,423 |
| — daily average barrels | 7,849 | 7,357 |
| Natural gas production (net) | | |
| — total m.c.f. | 11,235,009 | 6,095,763 |
| — daily average m.c.f. | 30,697 | 16,701 |
| Cremona Pipe Line Division | | |
| — daily average barrels throughput | 10,967 | 10,155 |
| Federated Pipe Lines Ltd. | | |
| — daily average barrels throughput | 19,654 | 5,185 |
| Wells drilled — gross | 98 | 57 |
| Land holdings — net acres | 1,189,004 | 1,659,856 |
| Oil and natural gas liquids reserves | | |
| — net barrels, proven and probable | 161,921,000 | 170,179,000 |
| Natural gas reserves — thousand cubic feet, proven and probable | 512,885,000 | 483,155,000 |
| Shareholders | 13,030 | 12,600 |
| Employees | 342 | 314 |

** Gross daily production not included because of expansion of unit participation.*

## To the Shareholders of Home Oil Company Limited

YOUR Company is able to report significant progress in several aspects during 1960, although the year was a disappointing one generally for the Canadian oil producing industry. An increase of almost 100 per cent in our natural gas sales to more than 11 billion cubic feet was recorded while sales of natural gas liquids were increased from 47,622 barrels in 1959 to 241,180 barrels in 1960. Both gains are attributable to the completion of the Carstairs and Nevis gas processing plants.

### Rise in gas liquids

Our hope that production of crude oil would increase somewhat in 1960 was not realized. Instead there was a slight drop from 7,227 barrels per day in 1959 to 7,190 barrels per day in 1960. However, if natural gas liquids production is included, the figures would be 7,849 barrels per day in 1960 compared with 7,357 barrels per day in 1959. These figures serve to underline the growing importance to your Company, and to the Canadian oil industry, of natural gas liquids production.

### Increased income

Gross income for the year amounted to $9,332,041 as compared with $7,843,375 in 1959. The increase in gross income of 19% was a result of an increase in sales of natural gas and natural gas liquids and an increase in income from investments. Net income before deducting depreciation, depletion and surrendered leases amounted to $1,425,015 in 1960 as compared with $1,812,254 in 1959. After deducting all charges to income there was a net loss of $681,000 in 1960, compared with a net loss of $762,822 in 1959.

### Financing

During the year the Company completed the sale of $20,000,000 6% Convertible Subordinated Debentures due in 1975 and convertible into a maximum of 740,741 shares of Trans-Canada Pipe Lines Limited owned by the Company. It also sold $10,000,000 (U.S.) 6½% Secured Bonds due in 1975. In addition, as at December 31, 1960, the Company completed the sale of its producing interests in the Redwater field for a cash consideration of $7,000,000 the proceeds from which were received on March 15, 1961.

### Room for expansion

Two-thirds of Home Oil's crude production in 1960 came from fields that would benefit from crude oil market expansion. While these fields have been cut back sharply during recent periods of restricted oil markets, they are capable of quick production expansion with any increase in markets. Our Swan Hills field, for example, in 1960 was capable of producing 186 barrels per day per well under Alberta Oil and Gas Conservation Board regulations. It was restricted by lack of markets to an average of 75 barrels per day per well.

**Expansion imperative**

During 1960 the petroleum industry was aided by the approval by the Canadian Government of the export of large additional quantities of natural gas. Processing plants and pipelines are being constructed to prepare and transport the gas to market. As a by-product of gas export, large quantities of non-prorated natural gas liquids will come onto the market to displace crude oil. Your Company is fortunately able to obtain substantial income from natural gas liquids to compensate in part for lack of crude oil markets. The completion of the Carstairs gas plant raised Home Oil's gas production to record levels and was responsible for the spectacular growth in our sales of natural gas liquids. It is this rapidly rising flow of natural gas liquids to market which makes the need for expansion of crude oil markets all the more compelling.

**National Oil Policy**

Early in 1961, the Government of Canada promulgated a National Oil Policy with the objective of increasing Canadian oil production. It has established an objective of an average of 640,000 barrels per day of Canadian oil and natural gas liquids production for 1961, rising to an average of 800,000 barrels per day for 1963. Your Company supports the adoption of a National Oil Policy and is hopeful that these minimum objectives may be achieved. At the same time, it does not believe that such minimum goals are a substitute for the dedication of the Montreal refining market to Canadian crude. The Canadian economy needs a rapidly expanding natural resources industry. Oil and gas development must proceed at a much faster pace than will be possible under the modest incentives provided by the above objectives. These targets plus the construction of a pipeline to Montreal, on the other hand, will stimulate our industry to rapidly expand its reserves which are so vital to the defense of this continent.

**Significant discoveries**

While no important oil discoveries were made by your Company during 1960, we are able to report several successful gas discoveries. A gas discovery was made north of the Carstairs field. Gas wells were also drilled in the Enchant area. In the Northwest Territories, a successful well was completed at Celibeta Lake, but to date follow-up wildcatting has been unproductive. However, several more tests are still to be made in this area. A small field was discovered late in the year near the southern border of Alberta at Knappen. West of the Carstairs gas field, crude oil was discovered in the Cardium formation and a total of 15 wells has been placed on production on land in which your Company has an interest.

### Expansion at Carstairs

Subsequent to Home Oil's discovery of the Carstairs gas field, other companies developed natural gas eight miles to the south at Crossfield. The operators of this field have now arranged to process their gas at Carstairs. As a result, the capacity of this plant will be more than doubled so that it will be able to deliver 100 million cubic feet per day of specification gas from Carstairs and 98 million cubic feet from Crossfield. Your Company has a small interest in the latter field.

### Reserves

Development drilling, primarily within the Swan Hills and Virginia Hills fields, together with successful application of secondary recovery methods elsewhere, served to increase our proven developed crude oil reserves. The Company's reserves at January 1, 1961, do not include those formerly held by Home Oil in the Redwater field. Despite the sale of these reserves for $7,000,000, our proven developed reserves increased substantially during the year.

### Revitalizing Turner Valley

Throughout its history, the Turner Valley oil and gas field has been a continuous source of income for Home Oil Company. For many years, your Company has been concerned by the steady drop in reservoir pressure, and consequent decline in productivity, of this great field. However, because of the widely split ownership and operation, it was not possible to institute any sort of pressure maintenance. In 1957, the Government of Alberta passed legislation to make possible the compulsory unitization of Turner Valley and this year three companies were able to take over the operation of the entire field. Your Company will be responsible for the operation of 104 wells in the T.V. Unit #6 and will now have an interest in 306 Turner Valley wells.

Two substantial benefits will accrue to your Company. Important operating economies have been made possible. Recovery of increased volumes of oil by water flooding has become a practical possibility. From an original pilot plant put into operation in 1959, your Company in 1960 expanded its secondary recovery project to a point where it is injecting 13,000 barrels of water a day into the reservoir. From experience to date, there is every reason for confidence that favorable results will be obtained from the secondary recovery in Turner Valley.

### Pembina, other fields

In the Pembina field, where water flooding has been successful, rapidly rising gas-oil ratios were arrested and the majority of the penalties imposed against production have been lifted. In the Harmattan-Elkton oilfield, gas-oil ratio problems have developed with a consequent reduction of production income. Your Company, therefore, supported the early unitization of that field so that natural gas being produced with oil can be re-injected into the reservoir. This will remove penalties from oil production. The Harmattan-Elkton field has a very large gas cap overlaying the oil reservoir. It

contains approximately one trillion cubic feet of gas that is rich in liquids. Sale of this gas is not possible until most of the oil has been recovered. However, by gas recycling, liquid products can be recovered. Plans are presently being formulated to install a gas recycling project to recover and sell these liquids.

### Pipeline operations

Operations of our Pipeline Department were most satisfactory. Your Company's Cremona Division handled an average of 10,967 barrels per day, a new record. During the year, Federated Pipe Lines Ltd. continued to expand rapidly. The extent of this expansion can best be illustrated by the fact that 30,133 barrels a day were transported in December, 1960 compared with an average throughput of only 5,185 barrels per day in 1959. The average for 1960 amounted to 19,654 barrels per day.

### Trans-Canada Pipe Lines

The Company increased its holdings in Trans-Canada Pipe Lines Limited to 1,081,573 common shares and $7,140,000 principal amount 5½% Subordinated Convertible Income Notes due 1987. The income notes are convertible after July 1, 1964 at $15.00 per share into 476,000 common shares. Purchases made in 1960 completed your Company's obligation to purchase income notes. Trans-Canada Pipe Lines Limited in 1960 continued to make substantial progress and by the end of the year operations were on a profitable basis. Further details are included in the Trans-Canada section of this report.

### Personnel

Unitization of oil field operations and increased operating efficiencies resulted in a reduction in the number of employees required in certain areas. With expanded gas plant and pipeline operations in other areas we were able to absorb surplus personnel arising from such reductions. The rapid expansion of the Company has placed a heavy strain upon the organization. The Management is particularly gratified with the initiative and energy displayed so consistently by the personnel during this period of rapid growth. The employees serve not only the Company but also the companies which are associated with it in most projects.

Respectfully submitted on behalf of the Board of Directors,

R. A. Brown Jr.

PRESIDENT

Calgary, Alberta,
March 27, 1961

# EXPLORATION

DURING 1960 your Company had an interest in 30 exploratory wells. Of these 10 were productive of oil or gas. New gas discoveries were made at the Home-Pacific Knappen well in southeastern Alberta; at the Climax well near Crossfield; and at the Home-Signal-CSP well at Celibeta Lake in the Northwest Territories. Stepout wells extended the previous limits of the Company's proven acreage in the Enchant area and of the unitized Carstairs gas field. Early in 1961, a well was started on a large spread of land in Alaska in which your Company has an approximate 4 per cent interest.

ACREAGE HOLDINGS
AS AT DECEMBER 31, 1960

| Area | Gross | Net |
|---|---|---|
| P. & N. G. LEASES | | |
| Alberta | 1,303,040 | 453,163 |
| Saskatchewan | 958 | 60 |
| Ontario | 82,308 | 40,068 |
| Alaska | 257,500 | 257,500 |
| RESERVATIONS, LICENSES, ETC. | | |
| Alberta | 891,410 | 285,202 |
| N.W.T. | 1,256,016 | 153,011 |
| TOTAL | 3,791,232 | 1,189,004 |

During the course of the year 68 development oil wells were drilled as follows:

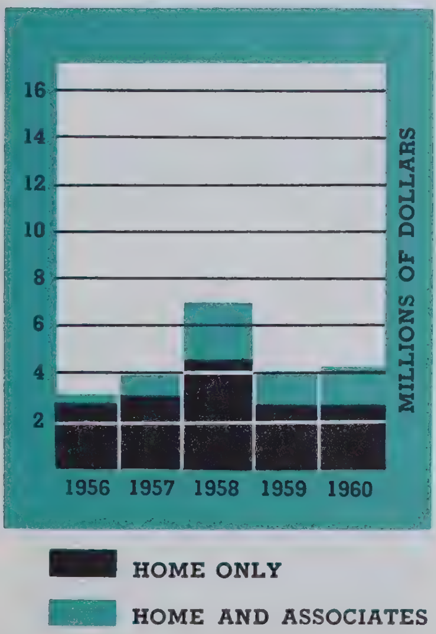
| | |
|---|---|
| Erskine | 1 |
| Crossfield Cardium | 1 |
| Virginia Hills | 34 |
| Swan Hills | 31 |
| Morse River | 1 |

In addition to the above, 12 Crossfield Cardium oil wells, in which the Company has a gross royalty interest, were successfully drilled.

The most significant land acquisition during the year was the deep rights to 102,400 acres in southeastern Alberta from which the Canadian Montana Gas Company is obtaining gas production in upper horizons. Seismographic surveys of this property have been completed and it will be drilled during 1961. Three Crown Drilling Reservations were purchased during the year. One, in the Alhambra area, was drilled. The well was dry and abandoned. On the second reservation in the north Carstairs area, two dry holes were drilled. The third tract is in the Enchant area and is still to be explored.

The Company has continued to employ one seismic crew to explore its properties. This work was restricted entirely in 1960 to the Province of Alberta.

## EXPLORATION EXPENDITURES

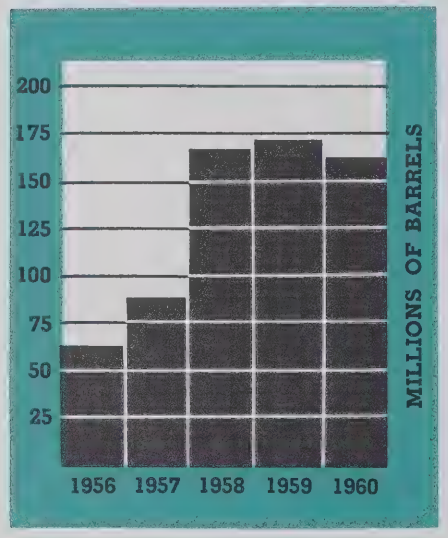


# RESERVES

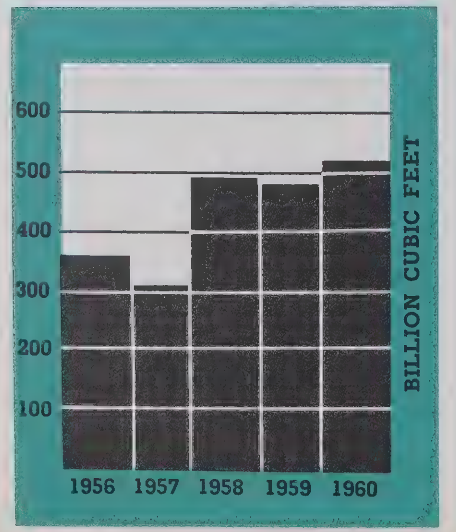
A summary of the Company's reserves as at January 1, 1961 as prepared by McDaniel Consultants Ltd. is shown below with comparative figures for January 1, 1960. The change in the proven developed reserves as at January 1, 1961 reflects the results of the development drilling that has taken place during the year essentially in the Swan Hills and Virginia Hills areas and the sale prior to January 1, 1961 of the Company's Redwater properties. In addition, increases in proven developed reserves resulted from secondary recovery and pressure maintenance operations that have been installed in Turner Valley, Harmattan-Elkton, Pembina and Leduc.

The major proportion of the probable additional crude oil reserves shown below is predicated on the beneficial effects that may be obtained with the institution of additional pressure maintenance systems and continued satisfactory performance of presently installed pressure maintenance. Detailed analyses of additional information has indicated that a downward adjustment of natural gas liquids reserves in certain fields was warranted. Natural gas liquids losses within the reservoir will occur as gas and oil production reduces reservoir pressure.

CRUDE OIL & NATURAL GAS LIQUIDS RESERVES
(PROVEN & PROBABLE)




NATURAL GAS RESERVES
(PROVEN & PROBABLE)




### Crude Oil Reserves (Barrels)

| | January 1 1961 | January 1 1960 |
|---|---|---|
| Proven Developed | 58,238,000 | 47,854,000 |
| Proven Undeveloped | 7,347,000 | 25,447,000 |
| Probable Additional | 86,802,000 | 84,505,000 |
| | 152,387,000 | 157,806,000 |

### Natural Gas Liquids (Barrels)

| | January 1 1961 | January 1 1960 |
|---|---|---|
| Proven Developed | 8,582,000 | 7,127,000 |
| Proven Undeveloped | 835,000 | 4,145,000 |
| Probable Additional | 117,000 | 1,101,000 |
| | 9,534,000 | 12,373,000 |
| Total Crude Oil and Natural Gas Liquids | 161,921,000 | 170,179,000 |

### Natural Gas (m.c.f.)

| | January 1 1961 | January 1 1960 |
|---|---|---|
| Proven Developed | 459,271,000 | 297,096,000 |
| Proven Undeveloped | 45,207,000 | 142,362,000 |
| Probable Additional | 8,407,000 | 43,697,000 |
| | 512,885,000 | 483,155,000 |

# PRODUCTION AND PIPELINES

## Crude Oil

YOUR Company's net share of crude oil production during 1960 was 2,631,695 barrels in comparison with 2,637,801 barrels produced in 1959.

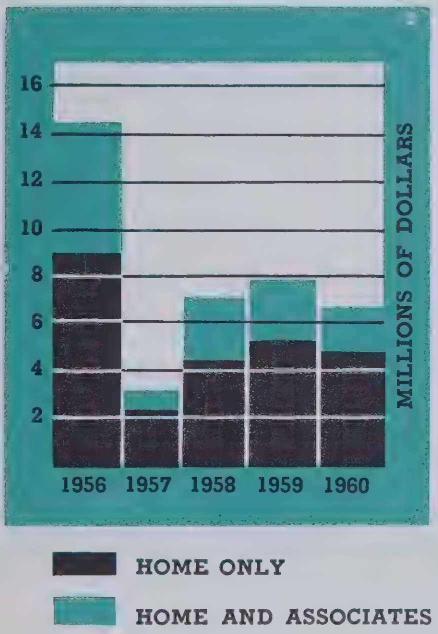
For the first time, the Swan Hills field became your Company's most productive source of oil. From the Swan Hills-Virginia Hills-Morse River fields, the Company obtained a total production of 546,246 barrels compared with 299,605 in 1959. Your Company has an average interest of 31.3 per cent in 74 wells in Swan Hills and an average interest of 19 per cent in 37 wells in Virginia Hills.

Lack of market growth resulted in reduced rates of production in the Swan Hills, Virginia Hills, Redwater, Leduc-Woodbend, Pembina, Harmattan-Elkton, Harmattan East and Stettler fields. Natural decline, and penalties against production imposed because of too high a ratio of gas with oil production, affected adversely the production rates in Turner Valley, Westward Ho, Joarcam, Sundre, Harmattan-Elkton, Leduc-Woodbend and Pembina fields. In order to counteract the natural decline in production your Company has pressed for pressure maintenance and secondary recovery programs for all fields in which they are appropriate and practical. In order to effectively implement these programs, it is usually necessary to unitize the fields or portions of fields. The interests of each company then are spread over the entire unit instead of being confined to the original wells. During 1960, the Turner Valley field, excluding the gas cap, and the entire Harmattan-Elkton field and most of the Leduc-Woodbend field were unitized.

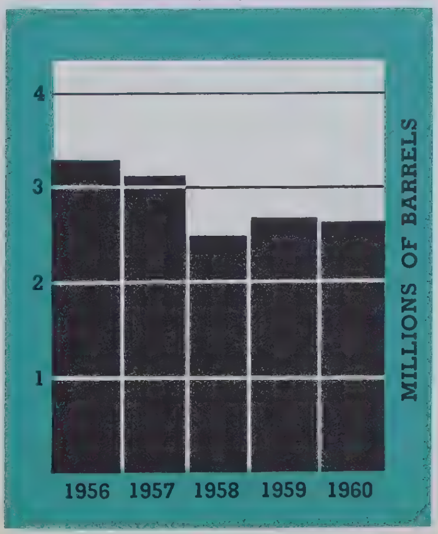
Pressure maintenance and secondary recovery projects are now in operation in fields from which your Company produced 53.4 per cent of its oil in 1960. The installation of these projects will arrest the decline in production significantly.

Development drilling by your Company was concentrated almost entirely in the Swan Hills and Virginia Hills areas during 1960. A total of 33 development wells was completed in the Virginia Hills field with results much more favorable than had been antici-

### DEVELOPMENT EXPENDITURES




### CRUDE OIL PRODUCTION (NET)



pated during the early development of the field. In Swan Hills, we completed an additional 34 wells during the year to increase our interest to 74 wells in that field.

## Natural Gas

Home Oil Company's natural gas sales for 1960 from all fields averaged 30.7 million cubic feet per day, compared to 16.7 million cubic feet per day in 1959.

The Carstairs gas processing plant is operated by your Company and went on stream on February 27, 1960. Presently it has a design capacity of 66 million cubic feet of pipeline gas per day. Your Company's interest in the processing plant, and in the Carstairs gas field, as at December 31, 1960, was 39.5 per cent.

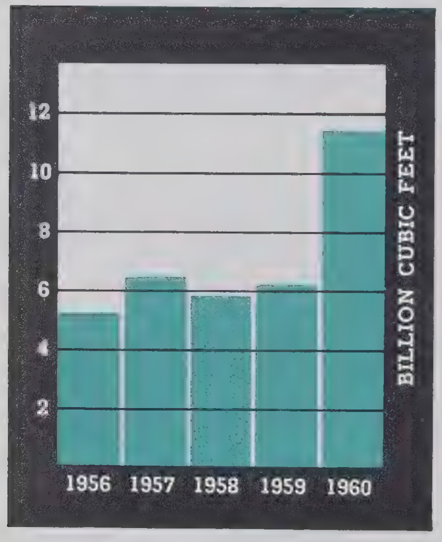
Plans have been completed to enlarge the Carstairs plant so that it will be able to supply 100 million cubic feet per day of specification gas from the Carstairs field and an additional 98 million cubic feet per day from the Crossfield field. By bringing the Crossfield gas field into participation in the enlarged plant, your Company's capital investment and operating costs per unit of throughput will be reduced.

The unitization of the East Calgary field and construction of processing facilities for this field will permit your Company's gas to go to market to the Pacific Northwest area of the U.S. late in the fall of 1961. Plans are being formulated to recycle natural gas in the Harmattan-Elkton field which will permit natural gas liquids to be produced and sold. In addition, it is planned to market gas from the Sarcee area near Calgary.

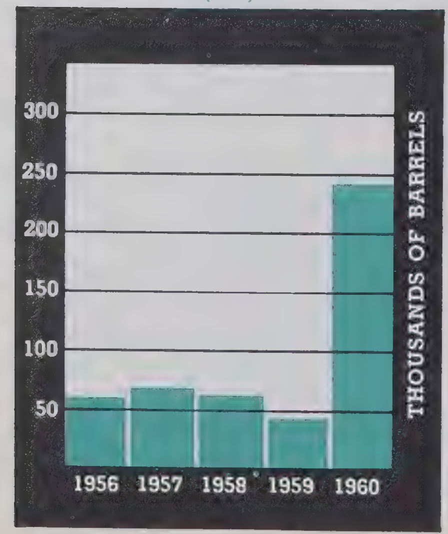
The Company is presently selling gas to Trans-Canada from Bindloss, Atlee-Buffalo, Nevis and Carstairs. In addition, local utilities are supplied with gas from Turner Valley, Jumping Pound, Leduc-Woodbend, Fort Saskatchewan, Redwater and Pembina.

The Company has additional natural gas reserves at Celibeta Lake, Campbell Creek, Enchant, North Carstairs, South Elkton and other areas which are presently not connected or committed to market.

NATURAL GAS PRODUCTION
(NET)




NATURAL GAS LIQUIDS PRODUCTION
(NET)



## Natural Gas Liquids

Production and sale of natural gas liquids increased fourfold — to 241,180 barrels in 1960 from 47,622 barrels in 1959. The increase in both natural gas and natural gas liquids production was attributable to the commencement of production of the gas fields at Carstairs and Nevis, Alberta.

## Pipelines

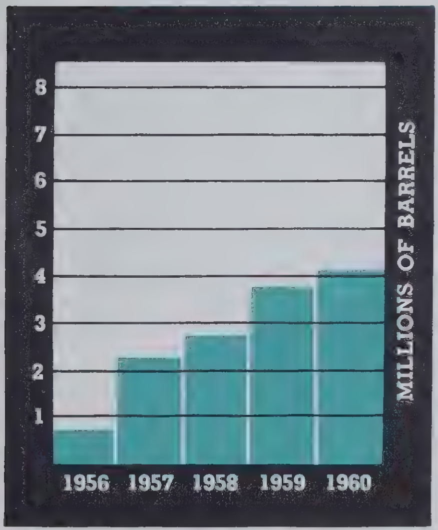
The Company continued its operation of two oil pipeline gathering and transmission systems during 1960.

Your Company's wholly owned Cremona Pipe Line Division handled 4,014,092 barrels during 1960 as compared with 3,706,582 in 1959. This line serves the Sundre, Westward Ho, Harmattan-Elkton, Harmattan East and Crossfield oilfields. The Crossfield oilfield was connected to the system during 1960. Present capacity of the transmission system is 18,000 barrels per day.

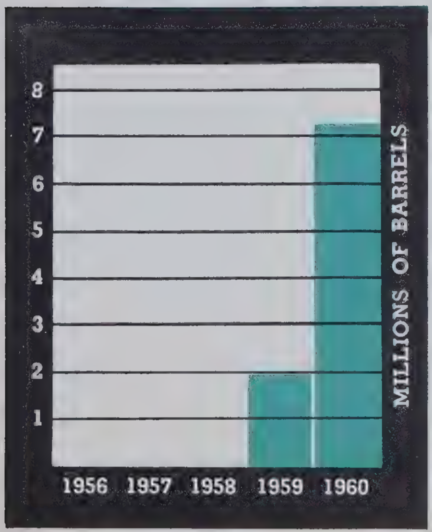
Federated Pipe Lines Ltd., which is owned 50 per cent by Home Oil and operated by your Company, had its most successful year. It transported 7,193,445 barrels in 1960 compared with 1,892,539 barrels in 1959.

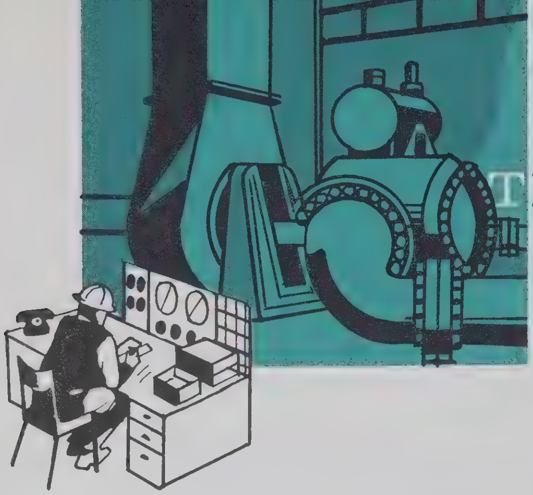
During the year Federated's main line was looped in two stages, a total distance of 78 miles, with 16-inch pipe. In addition the gathering system was extended to the Carson Creek North, Deer Mountain and Judy Creek West fields. The gathering system presently connects a total of 62 oil producing batteries throughout Swan Hills, Virginia Hills, Judy Creek, Judy Creek West, Carson Creek North and Deer Mountain. At the end of the year a 1000 HP pumping station was being installed and is now in operation. The capacity of the system is 61,000 barrels per day, an increase of 40,000 barrels per day over its capacity at the start of the year.

PIPELINE THROUGHPUT
CREMONA



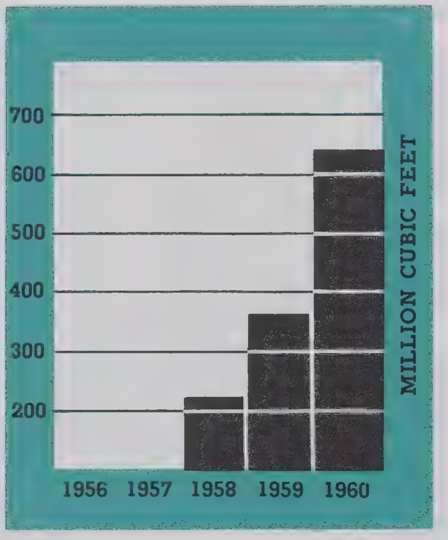

PIPELINE THROUGHPUT
FEDERATED





# TRANS-CANADA PIPE LINES LIMITED

MAXIMUM DAILY SALES




TRANS-CANADA PIPE LINES LIMITED, of which your Company owns approximately 19 per cent of the common shares, reported a continued substantial increase in sales during the year ending December 31, 1960, and the commencement of export to the United States. A construction program was finished which included the installation of eight new compressor stations to help meet the steadily growing demand for natural gas.

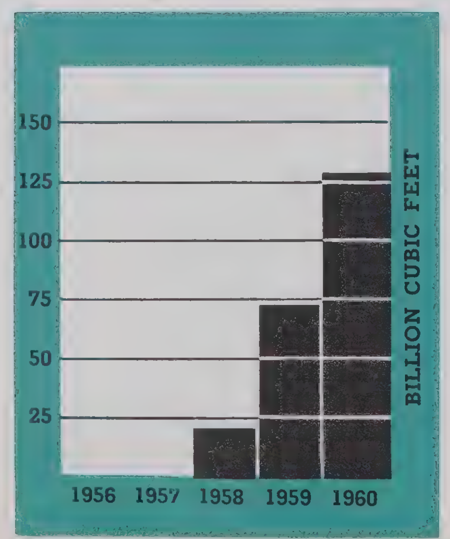
Trans-Canada's sales in 1960 totalled 127,518,000 mcf., an increase of 71 per cent over 1959 sales of 74,458,000 mcf. Highest monthly sales were reported in December when 17,950,000 mcf., were sold, 81 per cent more than the sales of 9,924,000 mcf., in the same month of 1959. Maximum sales for a single day occurred December 22 when 639,073 mcf., were sold, 78 per cent more gas than the 1959 maximum day sales of 359,447 mcf.

On April 1, 1960, Trans-Canada received approval from the National Energy Board in Ottawa of its proposal to export Canadian natural gas to the United States. Almost immediately, initial work was started on the project to export 204 million cubic feet of gas daily to Midwestern Gas Transmission Company at Emerson, Manitoba. Trans-Canada constructed a 51-mile extension of 30-inch diameter pipe from its main line near Winnipeg, south to the International Border near Emerson.

Construction of the Emerson extension was completed in mid-August and the first Canadian gas was delivered to Midwestern on August 23. From that date, when Midwestern began using Canadian gas to test its own facilities, until December 31, 1960, Trans-Canada sold 12,485,400 mcf. to Midwestern Gas Transmission Company.

On April 1, the National Energy Board approved Trans-Canada's project to export up to 204 million cubic feet of gas daily, on an interruptible basis, to Tennessee Gas Transmission Company at Niagara Falls. At present the Tennessee Gas application to import this Canadian gas is before the Federal Power Commission in Washington.

ANNUAL SALES



# FINANCIAL

GROSS income for the year amounted to $9,332,041 an increase of 19% over the 1959 amount of $7,843,375. Income from operations was favorably affected by an increase in sales of natural gas and natural gas liquids which increased from $413,368 to $1,644,568. Income from sales of crude oil decreased slightly while pipeline revenue showed a small increase.

Net loss for the year amounted to $681,000 as compared with $762,822 in 1959. Higher gross income was offset to a large extent by higher charges to income for dry hole costs and interest. After deducting operating expenses from gross income but before deducting depreciation, depletion, surrendered leases, and dry hole costs, cash flow amounted to $2,325,423 in 1960 as compared with $2,271,422 in 1959.

Capital expenditures on operations were $8,314,000 in 1960 as compared with $8,486,000 in 1959. During the year capital expenditures were made to develop further the Swan Hills and Virginia Hills oil fields, to complete the Carstairs gas plant, and to continue construction of secondary recovery installations in Turner Valley, Harmattan-Elkton, and Pembina. Total expenditures for exploration and development on behalf of the Company and its major associates were $10,848,000 in 1960 and $11,685,000 in 1959. The Company is the operator and has a basic 50% interest in the majority of exploration and development programs with two major associates sharing the remaining 50%.

In order to finance the continued expansion of Federated Pipe Lines Ltd. a 50% owned Company, $4,000,000 6½% First Mortgage Bonds Series B were sold during 1960 and arrangements completed to sell a further $4,000,000 6⅛% First Mortgage Bonds Series C early in 1961. The Company has in effect guaranteed 50% of this debt.

## SOURCE AND USE OF FUNDS

(in thousands of dollars)

| | | |
|---|---|---|
| SOURCE OF FUNDS | | |
| Gross income | $ 9,332 | |
| Sale of properties | 7,000 | |
| Net proceeds from long term debt issues | 28,634 | $44,966 |
| USE OF FUNDS | | |
| Exploration, operating, and administrative expenses | 3,636 | |
| Capital expenditures, including dry hole costs | 8,314 | |
| Investment in Trans-Canada Pipe Lines Limited | 4,699 | |
| Repayment of long term debt | 1,288 | |
| Interest expense | 3,207 | |
| Dividends to shareholders | 513 | |
| Miscellaneous | 809 | |
| | $22,466 | |
| Reduction in working capital deficiency | 22,500 | $44,966 |

Home Oil
Company
Limited
and
Subsidiary Companies

# CONSOLIDATED

## ASSETS

| | As at December 31, 1960 | 1959 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | $ 420,236 | $ 549,578 |
| Accounts receivable | 3,626,078 | 3,572,955 |
| Receivable from sale of properties (Note 2) | 7,000,000 | — |
| Due from affiliated companies | 149,803 | 132,437 |
| Inventories of materials and supplies, at or below average cost | 844,538 | 874,110 |
| | 12,040,655 | 5,129,080 |
| **CASH IN HANDS OF SINKING FUND TRUSTEE** | 49,500 | 75,500 |
| **INVESTMENTS** | | |
| Trans-Canada Pipe Lines Limited, at cost (Note 3) | 38,549,283 | 33,850,173 |
| Other investments, at cost less amounts written off | 1,213,851 | 571,236 |
| | 39,763,134 | 34,421,409 |
| **PROPERTY, PLANT AND EQUIPMENT,** at cost | | |
| Petroleum and natural gas leases and rights together with development and equipment thereon | | |
| Producing | 56,352,811 | 59,474,864 |
| Less accumulated depletion and depreciation | (29,702,854) | (32,955,568) |
| Non-producing | 7,270,837 | 9,366,969 |
| Land, buildings, pipe line property and other equipment | 8,747,208 | 7,021,463 |
| Less accumulated depreciation | (1,501,012) | (1,627,355) |
| | 41,166,990 | 41,280,373 |
| **OTHER ASSETS AND DEFERRED CHARGES** | | |
| Unamortized debt discount and expense | 1,208,767 | 434,619 |
| Miscellaneous (Note 4) | 744,826 | 709,684 |
| | 1,953,593 | 1,144,303 |
| | $94,973,872 | $82,050,665 |

*The accompanying notes to financial statement*

# BALANCE SHEET

## LIABILITIES

| | As at December 31, 1960 | 1959 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Due to banks — secured | $15,449,427 | $31,453,558 |
| Accounts payable and accrued charges | 4,384,966 | 4,396,776 |
| Dividend payable | 256,870 | 256,870 |
| Current portion of long term debt | 1,361,543 | 851,103 |
| Estimated liability for taxes on income | 41,984 | 124,498 |
| | 21,494,790 | 37,082,805 |
| **LONG TERM DEBT (Note 5)** | 42,315,498 | 14,121,632 |
| **CAPITAL STOCK AND SURPLUS** | | |
| Capital stock (Note 6) | | |
| Authorized | | |
| 4,343,873 Class A shares of no par value | | |
| 3,656,127 Class B shares of no par value | | |
| Issued and fully paid | | |
| 2,055,090 Class A shares | 15,833,187 | 15,833,187 |
| 2,349,531 Class B shares (including 275,506 Class B shares held by subsidiary companies — see below) | 12,402,603 | 12,402,603 |
| | 28,235,790 | 28,235,790 |
| Earned surplus — per statement attached | 6,345,104 | 6,027,743 |
| | 34,580,894 | 34,263,533 |
| Less — Cost of 275,506 Class B shares held by subsidiary companies | 3,417,310 | 3,417,305 |
| | 31,163,584 | 30,846,228 |
| | $94,973,872 | $82,050,665 |

Approved on behalf of the Board:

R. A. Brown Jr., Director

Max Gourier, Director

*are an integral part of the above balance sheet.*

## Consolidated Statement of Income

| INCOME | For the years ended December 31, 1960 | 1959 |
|---|---|---|
| Gross income from operations | $8,902,209 | $7,712,452 |
| Income from investments | 318,807 | 6,814 |
| Other income | 111,025 | 124,109 |
| | 9,332,041 | 7,843,375 |
| EXPENSE | | |
| Operating expense | 1,513,615 | 1,289,468 |
| General and administrative expense | 1,215,942 | 947,451 |
| Exploration expense | 398,178 | 428,643 |
| Dry hole costs | 900,408 | 459,168 |
| Non-producing property expense | 542,425 | 472,203 |
| Surrendered leases | 56,896 | 187,199 |
| Depletion | 1,064,019 | 1,493,639 |
| Depreciation | 985,100 | 894,238 |
| Interest and expense on long term debt | 2,524,638 | 930,874 |
| Other interest | 785,624 | 1,466,098 |
| | 9,986,845 | 8,568,981 |
| Loss before taxes on income | 654,804 | 725,606 |
| PROVISION FOR TAXES ON INCOME of subsidiary companies | 26,196 | 37,216 |
| LOSS for the year | $ 681,000 | $ 762,822 |

## Consolidated Statement of Earned Surplus

### For the year ended December 31, 1960

| | | |
|---|---|---|
| BALANCE as at January 1, 1960 | | $6,027,743 |
| Add: Adjustments in respect of prior years: | | |
| Depreciation (Note 1) | $2,612,176 | |
| Less other adjustments | 105,581 | 2,506,595 |
| | | 8,534,338 |
| Less: Dividends on Class A shares | 513,741 | |
| Excess of book value of properties sold over sale price (Note 2) | 994,493 | |
| Loss for the year | 681,000 | 2,189,234 |
| BALANCE as at December 31, 1960 | | $6,345,104 |

*The accompanying notes to financial statements are an integral part of the above statements.*

# Notes to Financial Statements

## As at December 31, 1960

### Note 1 ACCOUNTING POLICIES

Exploration expenses are charged to income as incurred, lease bonus acquisition costs are capitalized and carrying charges of both producing and non-producing properties are charged to income. The capitalized acquisition cost is charged to income if a lease is surrendered. The cost of drilling a productive well is capitalized and the cost of an unproductive well is charged to income when determined to be dry. The cost of producing leases and drilling costs of producing wells are depleted using the unit of production method based upon estimated recoverable quantities of oil and gas as determined by the Company's engineers.

During 1960, the Company carried out a review of its depreciation policy. In previous years provision had been made at rates (applied on the declining balance method) substantially equal to the maximum permitted for income tax purposes. The review established that such rates were excessive and new rates (to be applied on the straight-line method) were established based upon the estimated service life of each group of assets. These rates and this method were used in providing depreciation for the year 1960 and a retroactive adjustment was made for prior years; such adjustment resulted in a credit to Earned Surplus of $2,612,176. The change in rates and method of calculating depreciation had the effect of reducing the provision for the year 1960 by $1,160,734 (1959 by $205,834).

The consolidated financial statements of the Company and subsidiaries include the accounts of all companies in which the Company, directly or indirectly, has ownership of more than 50% of the voting capital stock.

### Note 2 RECEIVABLE FROM SALE OF PROPERTIES

On December 31, 1960, the Company sold its producing properties in the Redwater Field for a cash consideration of $7,000,000 which was received on March 15, 1961. The excess of book value over the sale price, amounting to $994,493 has been charged to Earned Surplus. The greater portion of these properties was acquired in 1952 by the issuance of shares of capital stock of the Company valued at $15 per share.

### Note 3 TRANS-CANADA PIPE LINES LIMITED

The Company, as at December 31, 1960 held 1,081,573 common shares and $7,140,000 principal amount 5½% Subordinated Convertible Income Notes due 1987 (convertible after July 1, 1964 into 476,000 common shares) of Trans-Canada Pipe Lines Limited. The quoted market value of this investment at December 31, 1960 amounted to $30,042,285 ($19.06 per common share and $132.00 per $100.00 income note). Owing to the Company's relatively large investment, the quoted market value should not necessarily be considered the net realizable value.

The Company has deposited with an escrow agent 740,741 common shares of Trans-Canada Pipe Lines Limited pursuant to the conversion privilege attached to the 6% Convertible Subordinated Debentures, due January 15, 1975.

### Note 4 OTHER ASSETS AND DEFERRED CHARGES

Miscellaneous Other Assets and Deferred Charges include preliminary expenses of $400,978 ($291,759 in 1959) in connection with a proposed oil pipeline from Edmonton to Montreal.

### Note 5 LONG TERM DEBT

Details of Long Term Debt:

| | | December 31, 1960 | December 31, 1959 |
|---|---|---|---|
| 5½% | Secured Notes, due September 1, 1971 | | |
| | Series A | $ 2,570,000 | $ 2,785,000 |
| | Series B ($4,710,000 U.S.) | 4,547,975 | |
| | ($5,105,000 U.S.) | | 4,929,387 |
| | (both series were issued with Class A share purchase warrants and are subject to annual sinking fund payments) | | |
| 5¾% | Secured Convertible Sinking Fund Debentures, 1956 Series, due December 15, 1971 (one-half of $4,389,000 at December 31, 1960 convertible into Class A shares) | 4,829,000 | 4,906,000 |
| 6½% | Secured Sinking Fund Pipe Line Bonds, due November 1, 1977 | 1,700,000 | 1,800,000 |
| 6% | Convertible Subordinated Debentures, due January 15, 1975 | 20,000,000 | |
| | (convertible into common shares of Trans-Canada Pipe Lines Limited, owned by the Company, at $27 per share to January 15, 1970 and at $32 per share thereafter and subject to annual sinking fund payments commencing in 1963) | | |
| 6½% | Secured Bonds, due January 31, 1975 ($10,000,000 U.S.) | 9,511,329 | |
| | (subject to minimum annual payments based on production from the pledged properties) | | |
| 5½% | Mortgage, maturing September 1, 1975 (payable in monthly installments) | 518,737 | 552,348 |
| | | 43,677,041 | 14,972,735 |
| | Less: Current portion | 1,361,543 | 851,103 |
| | | $42,315,498 | $14,121,632 |

## NOTES TO FINANCIAL STATEMENTS (Continued)

The Company is negotiating a mortgage in the amount of $1,600,000 which will replace the present mortgage outstanding. The additional funds will be used to finance in part, an addition to the Company's Head Office building. It is anticipated that a substantial portion of the additional funds will be received on or before April 1, 1961.

### Note 6 CAPITAL STOCK

(a) The holders of Class A shares are entitled to cumulative dividends of 25¢ per share per annum. After payment of this dividend the Company may pay dividends up to 25¢ per share per annum to Class B shareholders. Dividends in excess of the foregoing in any year are payable equally on Class A and Class B shares. Class B shareholders have exclusive voting power unless the dividend on the Class A shares is in default for two years at which time the shares will have equal voting rights during the period of default.

There are restrictions on the payment of dividends on the Class B shares and in excess of 25¢ per annum on the Class A shares under the provisions of the Deeds of Trust and Mortgages securing certain of the long term debt outstanding.

(b) There were 204,337 Class A shares reserved at December 31, 1960 for issuance upon conversion of debt and upon the exercise of warrants as follows:

| | Shares |
|---|---|
| 5½% Secured Notes, Series A and B (each $1,000 Note was issued with a purchase warrant entitling the holder to purchase 7 Class A shares at $16 per share on or before September 1, 1966) | 59,500 |
| 5¾% Secured Convertible Sinking Fund Debentures, 1956 Series (convertible as to one-half of $4,389,000 on or before December 15, 1966 — price effective until December 15, 1963 approximately $15.15 per share) | 144,837 |
| | 204,337 |

(c) As of December 31, 1960 there were outstanding options held by officers and key employees to purchase 156,350 Class B shares at prices ranging from $7.20 to $20.00 per share at varying dates to December 19, 1970.

### Note 7 EXECUTIVE REMUNERATION AND LEGAL FEES

In arriving at the loss for the year the following charges were included:

| | |
|---|---|
| Executive remuneration | $185,776 |
| Directors' fees | 5,150 |
| Legal fees | 83,039 |

### Note 8 CONTINGENT LIABILITY

The Company has entered into Throughput and Deficiency Agreements in effect guaranteeing 50% of the principal and interest of outstanding First Mortgage Bonds of Federated Pipe Lines Ltd., a 50% owned company. As at December 31, 1960 First Mortgage Bonds outstanding amounted to $9,000,000 and bonds in the amount of $4,000,000 will be issued between January 31, and September 30, 1961 to finance extensions to the pipe line system.

The Company is from time to time required in the course of its business operations to guarantee or be responsible for the obligations of its associates in such operations. The Company does not consider that any material liability will arise from such existing commitments or obligations.

# Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Home Oil Company Limited (incorporated under the Companies Act of Canada) and subsidiary companies as at December 31, 1960 and the consolidated statements of income and earned surplus for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated statements of income and earned surplus were prepared in conformity with generally accepted accounting principles applied (with the explanation contained in Note 1 to Financial Statements regarding a change in method of providing for depreciation) on a basis consistent with that of the preceding year and are properly drawn up so as to exhibit a true and correct view of the state of affairs of Home Oil Company Limited and subsidiary companies as at December 31, 1960 and the results of their operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants

Calgary, Alberta.
March 15, 1961.

# FIVE YEARS AT A GLANCE • 1956 to 1960

| | 1960 | 1959 | 1958 | 1957 | 1956 |
|---|---|---|---|---|---|
| **EARNINGS** | | | | | |
| Gross income | $ 9,332,000 | $ 7,843,000 | $ 7,522,000 | $ 9,220,000 | $ 8,733,000 |
| Income before capital charges | 2,325,000 | 2,271,000 | 2,853,000 | 4,323,000 | 4,586,000 |
| Net loss | 681,000 | 763,000 | 597,000 | 770,000 | 746,000 |
| **CAPITAL EXPENDITURES** | | | | | |
| (including dry hole costs) | 8,314,000 | 8,486,000 | 8,153,000 | 4,533,000 | 13,428,000 |
| **FINANCIAL POSITION** | | | | | |
| Working capital (deficiency) | (9,454,000) | (31,954,000) | (20,992,000) | (3,578,000) | 8,167,000 |
| Properties, wells, plant & equipment less depletion & depreciation | 41,167,000 | 41,280,000 | 35,819,000 | 34,293,000 | 35,116,000 |
| Investment Trans-Canada Pipe Lines Limited | 38,549,000 | 33,850,000 | 30,493,000 | 12,985,000 | — |
| Long term debt (due after one year) | 42,315,000 | 14,122,000 | 15,436,000 | 23,132,000 | 22,506,000 |
| **SHAREHOLDERS** | | | | | |
| Number of shares outstanding | 4,129,115 | 4,129,115 | 4,103,799 | 3,571,946 | 3,503,825 |
| Number of shareholders | 13,030 | 12,600 | 12,370 | 11,413 | 10,430 |
| **RESERVES** | | | | | |
| Crude oil (barrels) | 152,387,000 | 157,806,000 | 152,644,000 | 81,691,000 | 53,485,000 |
| Natural gas liquids (barrels) | 9,534,000 | 12,373,000 | 13,118,000 | 6,322,000 | 7,778,000 |
| Natural gas (thousand cubic feet) | 513,000,000 | 483,000,000 | 495,000,000 | 306,000,000 | 359,000,000 |
| **WELLS DRILLED** | | | | | |
| Development | | | | | |
| Gross | 68 | 39 | 25 | 17 | 82 |
| Net | | | | | |
| Oil | 18 | 10 | 5 | 9 | 50 |
| Gas | — | 2 | 2 | 1 | — |
| Dry | — | 1 | 1 | 1 | 1 |
| Exploratory | | | | | |
| Gross | 30 | 18 | 18 | 13 | 22 |
| Net | | | | | |
| Oil | 1 | 1 | — | 1 | 1 |
| Gas | 2 | 1 | 1 | — | 1 |
| Dry | 7 | 5 | 6 | 4 | 7 |
| **EXPLORATION ACREAGE** | | | | | |
| Gross | 3,791,232 | 4,725,258 | 2,540,525 | 2,026,986 | 1,654,596 |
| Net | 1,189,004 | 1,659,856 | 1,104,335 | 768,564 | 674,282 |
| **NUMBER OF EMPLOYEES** | 342 | 314 | 285 | 255 | 255 |
| **CREMONA PIPE LINE DIVISION** | | | | | |
| Total throughput (barrels) | 4,014,092 | 3,706,582 | 2,697,433 | 2,169,995 | 646,526 |
| Average daily throughput (barrels) | 10,967 | 10,155 | 7,390 | 5,945 | 7,027 |
| **FEDERATED PIPE LINES LTD.** (50% owned) | | | | | |
| Total throughput (barrels) | 7,193,445 | 1,892,539 | — | — | — |
| Average daily throughput (barrels) | 19,654 | 5,185 | — | — | — |

# COMPANY SHARE OF PRODUCTION

| Producing Properties December 31, 1960 — Net Wells | Field or Area | 1960 | 1959 | 1958 | 1957 | 1956 |
|---|---|---|---|---|---|---|
| | **Crude Oil Production — Barrels** | | | | | |
| 113.11 | Turner Valley | 437,773 | 469,522 | 487,985 | 564,147 | 640,345 |
| 33.89 | Leduc-Woodbend | 359,625 | 394,635 | 399,611 | 497,914 | 573,489 |
| 31.91 | Pembina | 354,722 | 379,082 | 430,770 | 710,163 | 813,858 |
| 16.92 | Harmattan-Elkton | 254,069 | 347,719 | 387,847 | 428,498 | 284,707 |
| 23.17 | Swan Hills | 445,232 | 287,914 | 20,573 | 215 | — |
| 18.00 | Redwater | 237,978 | 284,822 | 247,653 | 400,959 | 533,867 |
| 19.26 | Erskine | 231,293 | 228,609 | 228,417 | 236,723 | 192,435 |
| 8.30 | Westward Ho | 107,492 | 125,716 | 154,412 | 140,267 | 80,874 |
| 8.83 | Joarcam | 44,155 | 53,053 | 63,039 | 80,543 | 95,570 |
| 1.00 | Harmattan-East | 21,319 | 25,253 | 21,285 | — | — |
| .87 | Stettler | 12,182 | 13,645 | 12,987 | 16,812 | 19,077 |
| 7.04 | Virginia Hills | 87,234 | 11,691 | 6,010 | 68 | — |
| 1.16 | Crossfield | 17,902 | 5,958 | — | — | — |
| 1.20 | Morse River | 13,780 | — | — | — | — |
| 1.83 | Other Fields | 6,939 | 10,182 | 10,522 | 16,488 | 9,887 |
| 286.49 | | 2,631,695 | 2,637,801 | 2,471,111 | 3,092,797 | 3,244,109 |
| | Average Daily Production | 7,190 | 7,227 | 6,770 | 8,473 | 8,864 |

On January 1, 1958 the Company sold certain producing properties in Pembina and Harmattan-Elkton. In addition the market demand for Alberta crude in 1958 was 18.3% less than that for 1957.

| Net Wells | Field or Area | 1960 | 1959 | 1958 | 1957 | 1956 |
|---|---|---|---|---|---|---|
| | **Natural Gas Production — Thousands of Cubic Feet** | | | | | |
| 7.50 | Turner Valley | 3,932,724 | 4,204,113 | 4,425,763 | 5,124,961 | 4,671,947 |
| (Note 1) | Leduc-Woodbend | 228,521 | 346,470 | 283,989 | 339,761 | 351,856 |
| (Note 2) | Jumping Pound | 868,725 | 867,352 | 927,353 | 777,219 | 628,988 |
| (Note 2) | Fort Saskatchewan | 86,121 | 49,764 | 79,176 | 92,948 | 37,956 |
| (Note 1) | Redwater | 34,073 | 42,186 | 31,268 | 43,916 | — |
| (Note 1) | Pembina | 239,080 | 336,262 | 41,311 | — | — |
| 1.77 | Atlee Buffalo | 284,591 | 175,829 | 65,676 | — | — |
| 1.90 | Nevis | 1,084,053 | 73,787 | — | — | — |
| 2.77 | Carstairs | 4,477,121 | — | — | — | — |
| 13.94 | | 11,235,009 | 6,095,763 | 5,854,536 | 6,378,805 | 5,690,747 |
| | Average Daily Production | 30,697 | 16,701 | 16,040 | 17,476 | 15,548 |
| | **Natural Gas Liquids Production — Barrels** | | | | | |
| (Note 3) | Turner Valley | 39,527 | 32,442 | 45,543 | 50,543 | 46,959 |
| (Note 1) | Leduc-Woodbend | 3,919 | 3,601 | 4,039 | 4,458 | 4,448 |
| (Note 2) | Jumping Pound | 10,764 | 10,577 | 10,522 | 10,073 | 8,193 |
| (Note 1) | Pembina | 2,752 | 1,002 | 169 | — | — |
| (Note 4) | Nevis | 16,967 | — | — | — | — |
| (Note 4) | Carstairs | 167,251 | — | — | — | — |
| | | 241,180 | 47,622 | 60,273 | 65,074 | 59,600 |
| | Average Daily Production | 659 | 130 | 165 | 178 | 163 |
| | **Producing Wells** | | | | | |
| | Net | | | | | |
| | Oil | 286 | 257 | 238 | 254 | 246 |
| | Gas | 14 | 10 | 10 | 9 | 9 |
| | **Capped Gas Wells** | | | | | |
| | Net | 9 | 13 | 12 | 10 | 9 |

NOTES:

(1) Production from crude oil wells.
(2) Production from royalty interest.
(3) Production from natural gas and crude oil wells.
(4) Production from natural gas wells.

# Home Oil Company Limited

## OPERATING ORGANIZATION

John W. Moyer — *Chairman of the Board*
Robert A. Brown, Jr. — *President*
Robert W. Campbell — *Vice-President and General Manager*
Max C. Govier — *Vice-President and Treasurer*

George J. Blundun — *Manager, Exploration*
John L. Carr — *Chief Geologist*
Eugene T. Cook — *Chief Geophysicist*
Robert E. Humphreys — *Manager, Land Department*
Herbert Saklofsky — *Chief Draftsman*

Maurice P. Paulson — *Manager, Production and Pipelines*
William D. Lundberg — *Manager, Production Department*
Kevin C. Milne — *Manager, Gas Department*
Alexander G. Morison — *Manager, Reservoir Engineering Department*
Gordon W. Webster — *Manager, Unitization Department*

Ross F. Phillips — *Comptroller*
John D. Balfour — *Manager, Personnel Department*
Graham W. Bennett — *Chief Accountant*
John P. Crone — *Manager, Internal Audit Department*
Edward P. Swiffen — *Purchasing Agent*
George M. Thomson — *Manager, Systems and Procedures Department*

John H. Hamilton — *Assistant to the General Manager*

Bartlett B. Rombough — *Assistant to the Treasurer*

John W. Bellamy — *Manager, Tax Department*

Ronald B. Coleman — *Secretary and Manager, Legal Department*

Donald W. Douglas — *Manager, Aviation Department*

Ian M. Drum — *Manager, Special Projects*

James H. Gray — *Manager, Public Relations*

Lithokraft
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